

# Income Quick Reference Guide



This list is a quick reference and volunteers should refer to Publication 17 for more information. Do not rely on this list alone. Some of the income items on this chart are out of scope for the VITA/TCE program. Refer taxpayers with out of scope income to a professional tax preparer. Confirm that all income received by the taxpayer has been discussed and shown on the return, if required.

## Table A – Examples of Taxable Income

(Examples of income to consider when determining whether a return must be filed)

Wages, salaries, bonuses, commissions	IRA distributions
Alimony	Jury duty fees
Annuities	Military pay (not exempt from taxation)
Awards	Military pension
Back pay	Notary fees
Breach of contract	Partnership, Estate and S-Corporation income ( <i>Schedule K-1s, Taxpayer's share</i> )
Business income/Self-employment income	Pensions
Compensation for personal services	Prizes
Debts forgiven <sup>1</sup>	Punitive damage
Director's fees	Railroad retirement—Tier I (portion may be taxable)
Disability benefits (employer-funded)	Railroad retirement—Tier II
Discounts	Refund of state taxes <sup>2</sup>
Dividends	Rents (gross rent)
Employee awards	Rewards
Employee bonuses	Royalties
Estate and trust income	Severance pay
Farm income	Self-employment
Fees	Non-employee compensation
Gains from sale of property or securities	Social security benefits - portion may be taxable - ( <i>See TaxWise Tab 2 - Income, the page for Railroad Retirement, Civil Service, and Social Security Benefits</i> )
Gambling winnings	Supplemental unemployment benefits
Hobby income	Taxable scholarships and grants
Interest	Tips and gratuities
Interest on life insurance dividends	Unemployment compensation

## Table B – Examples of Non-Taxable Income

(Examples of income items to exclude when determining whether a return must be filed)

Aid to Families with Dependent Children (AFDC)	Meals and lodging for the convenience of employer
Child support	Payments to the beneficiary of a deceased employee
Damages for physical injury (other than punitive)	Relocation payments or payments in lieu of worker's compensation
Death payments	Rental allowance of clergyman
Dividends on life insurance	Sickness and injury payments
Federal Employees' Compensation Act payments	Social security benefits - portion may not be taxable - ( <i>See TaxWise Tab 2 - Income, the page for Railroad Retirement, Civil Service, and Social Security Benefits</i> )
Federal income tax refunds	Supplemental Security Income (SSI)
Gifts, bequests, and inheritances <sup>3</sup>	Temporary Assistance for Needy Families (TANF)
Insurance proceeds	Veterans' benefits
<ul style="list-style-type: none"> <li>• Accident</li> <li>• Casualty</li> <li>• Health</li> <li>• Life</li> </ul>	Welfare payments (including TANF) and food stamps
Interest on tax-free securities	Worker's compensation and similar payments
Interest on EE/I bonds redeemed for qualified higher education expenses	

**Footnotes:** <sup>1</sup>If the taxpayer received a Form 1099-C, Cancellation of Debt, in relation to their main home, it can be nontaxable (see D-4)

<sup>2</sup>If itemized in year paid and taxes were reduced because of deduction

<sup>3</sup>An inheritance is not reported on the income tax return, but a distribution from an inherited pension or annuity is subject to the same tax as the original owner would have had to pay.